

# State of Rhode Island - Division of Taxation

## Sales and Use Tax

### Regulation SU ~~0107~~-36

#### Farm Equipment and Farm Structure Construction Materials

The exemption provided in Section 44-18-30(~~3332~~) applies to the sale (including lease or rental) and to the storage, use or other consumption in this state of machinery and equipment which is used primarily and directly for commercial farming and agricultural production, including but not limited to tractors, plows, harrows, spreaders, seeders, milking machines, silage conveyors, balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment, greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and other farming equipment, including replacement parts, appurtenant to or used in connection with commercial farming, as well as tools and supplies used in the repair of such farm machinery and equipment.

The exemption applies if the farm equipment or machinery is used for ancillary uses or is temporarily used for non-farming or a non-agricultural purpose. However, in order to maintain the exemption, ancillary use or temporary non-farming or non-agricultural use of any farm equipment and machinery must be less than 50% of the use of the equipment or machinery.

"Machinery and equipment used directly" shall mean only that machinery and equipment (including replacement parts thereof) which is used during the agricultural process and not used solely prior to the start of this agricultural process nor solely after it has ended.

Also exempt is lumber, hardware and other materials used in the new construction of farm structures, including production facilities such as, but not limited to, farrowing sheds, free stall and stantion barns, milking parlors, silos, poultry barns, laying houses, fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing rooms, machinery storage, seasonal farm worker housing, certified farm markets, bunker and trench silos, feed storage sheds, and any other structures used in connection with commercial farming.

"Commercial farming" means the keeping or boarding of five (5) or more horses or the production within this state of agricultural products, including but not limited to field or orchard crops, livestock, dairy, poultry or products thereof, where the keeping, boarding or production provides at least (\$2,500.00) in annual gross sales to the operator for exemptions issued prior to July 1, 2002.

For exemptions issued or renewed after July 1, 2002, there shall be two (2) levels. Level I shall be based on proof of annual gross sales from commercial farming of at least twenty-five hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption

provided in this subdivision except for motor vehicles with an excise tax value of five thousand dollars (\$5,000) or greater; Level II shall be based on proof of annual gross sales from commercial farming of at least ten thousand dollars (\$10,000) or greater and shall be valid for purchases subject to the exemption provided in this subdivision including motor vehicles with an excise tax value of five thousand dollars (\$5,000) or greater. For the initial issuance of the exemptions, proof of the requisite amount of annual gross sales from commercial farming shall be required for the prior year; for any renewal of an exemption granted in accordance with this subdivision at either Level I or Level II, proof of gross annual sales from commercial farming at the requisite amount shall be required for each of the prior two (2) years. Certificates of exemption issued or renewed after July 1, 2002, shall clearly indicate the level of the exemption and be valid for four (4) years after the date of issue. This exemption shall not apply to motor vehicles acquired after July 1, 2002, unless the vehicle is a farm vehicle as defined pursuant to section 31-1-8 and is eligible for registration displaying farm plates as provided for in section 31-3-31.

Application for this exemption must be made to the Tax Administrator on the following prescribed form which is approved by the Division of Taxation and may be reproduced.

~~R. GARY CLARK~~DAVID SULLIVAN  
TAX ADMINISTRATOR

EFFECTIVE: JANUARY 1, ~~2001~~2007

THIS REGULATION AMENDS AND SUPERCEDES REGULATION SU ~~9001~~36  
PROMULGATED ~~DECEMBER 31, 1990~~JANUARY 1, 2001.

**REGULATION SU 07-36**  
**Farm Equipment and Farm Structure Construction Materials**

**EXPLANATION OF REGULATORY CHANGES**

**MAJOR CHANGES**

A change has been made to Regulation 01-36 to include Level 1 and Level 2 exemption requirements and information.